

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 L-03 /101 W

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R 111712Z JUL 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 7931

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

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AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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PASS CEA, TREASURY AND FRB

E.O. 11652: N/A

TAGS: ECON, OECD

SUBJECT: PROPOSED ECONOMIC GROWTH STUDY BY INDEPENDENT
EXPERTS GROUP

REF: A) DOCUMENT C(75)116; (B) STATE 161581;
(C) OECD PARIS 17485

1. SUMMARY. ON JULY 10, HEADS OF DELEGATION DISCUSSED
SECGEN'S PROPOSAL IN REFDOK A AND ANNEX FOR ESTABLISH-
MENT OF ECONOMIC GROWTH STUDY BY GROUP OF INDEPENDENT
EXPERTS. CLEAR FROM VIEWS EXPRESSED THAT MEMBER
COUNTRIES GENERALLY FAVORABLE ALTHOUGH MANY DELEGATES
POSED SEVERAL QUESTIONS, WHICH MISSION BELIEVES
SECRETARIAT WAS ABLE TO ANSWER SATISFACTORILY. SECGEN
MENTIONED INFORMALLY THAT HE HAS BEEN IN TOUCH WITH
DR. MCCrackEN AS POSSIBLE CHAIRMAN. FINAL COUNCIL
CONSIDERATION SCHEDULED FOR JULY 15. FRANCE, FROM
VIEWPOINT OF DIFFICULTIES IN OBTAINING POLICY DECISION
DUE TO BASTILLE DAY WEEKEND AND AUSTRALIA APPEAR TO BE
ONLY COUNTRIES THAT MIGHT NOT BE ABLE TO APPROVE ON
JULY 15. HOWEVER, SECGEN CONFIDENT ABOUT POSITIVE
ACTION NEXT WEEK. END SUMMARY

2. ALTHOUGH DISCUSSION SECGEN'S PROPOSAL IN C(75)116
AND ITS ANNEX WAS SCHEDULED FOR COUNCIL JULY 10,
VAN LENNEP CHOSE TO HANDLE THIS ITEM IN INFORMAL HEADS
OF DELEGATION. INTRODUCTION BY SECGEN ON BASIS REFDOK
A WAS FOLLOWED BY STRONG ENDORSEMENT BY U.S.
REPRESENTATIVE (TURNER). EXCHANGE OF VIEWS SHOWED
THAT MOST DELEGATES DID NOT HAVE FINAL INSTRUCTIONS AND
MANY OF THEM USED MEETING AS OPPORTUNITY TO ASK
CLARIFYING QUESTIONS. IN GENERAL, CONCEPT OF INDEPEND-
ENT STUDY WAS SUPPORTED AND THERE WAS LESS QUIBBLING
ABOUT RESTRICTED COMPOSITION OF GROUP AND ABOUT
BUDGETARY IMPLICATIONS THAN MIGHT HAVE BEEN EXPECTED.
AUSTRALIANS WERE MOST NEGATIVE (ALTHOUGH NOT ON
BASIS INSTRUCTIONS) INDICATING THEY WOULD NOT BE ABLE
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TO SUPPORT SETTING UP RESTRICTED GROUP IF MODE OF
CHOOSING COMPOSITION AND OTHER ASPECTS WERE TO FOLLOW
PATTERN OF REY GROUP. AUSTRALIA ALSO LAMENTED ABSENCE
OF COST ESTIMATE WHICH FELT SHOULD BE ATTACHED TO EACH
NEW PROJECT COMING BEFORE THE COUNCIL. FRENCH MADE
FAVORABLE COMMENTS, IN PARTICULAR ENDORSING IDEA OF
INDEPENDENT GROUP WHICH COULD DO ORIGINAL THINKING BUT
NOTED DIFFICULTY OF HAVING FINAL INSTRUCTIONS BY

SCHEDULED COUNCIL MEETING ON JULY 15, PARTICULARLY GIVEN
LONG JULY 14 WEEKEND.

3. AMONG SPECIFIC COMMENTS, GERMANS HOPED THEY COULD
GIVE AGREEMENT BY NEXT COUNCIL MEETING ON JULY 15, BUT
INDICATED HAD NO REACTION YET FROM ECONOMICS MINISTRY
(TIETMEYER). JAPANESE ENDORSED PROPOSAL SINCE THEY
UNDERSTOOD THAT IT WOULD NOT DUPLICATE OTHER WORK IN
SIMILAR FIELDS, INCLUDING THE TWO JAPANESE PROPOSALS
FOR STUDY OF INDUSTRIAL STRUCTURES IN INDUSTRY COMMITTEE
AND LONGER TERM STUDY OF FUTURE DEVELOPMENT OF
INDUSTRIAL SOCIETIES IN HARMONY WITH LDC'S. U.K. AND
DENMARK SUPPORTED GROWTH GROUP STRESSING EXPERTS SHOULD
BE CHOSEN ON BASIS INDEPENDENCE AND EXPERTISE,
RATHER THAN NATIONAL OR GEOGRAPHIC REPRESENTATION.
BELGIANS AND AUSTRIANS NOTED RELATIONSHIP OF INCREASED
RESOURCES NECESSARY FOR GROWTH GROUP AND TARGET BUDGET
PROPOSALS BY SECGEN. THEIR MAIN POINT WAS THAT RESOURCES

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FOR FUNDING GROWTH GROUP SHOULD BE FOUND WITHIN AN
OVERALL BUDGET TO BE DCIDED FOR PART I OPERATIONS OF
OECD BUT SHOULD NOT BE PROVIDED AT THE SACRIFICE
OF ALLOCATIONS NOW AVAILABLE TO FINANCE IMPORTANT
WORK OF ECONOMICS AND STATISTICS DIRECTORATE.

4. QUESTIONS BY PERMREPS AND REPLIES BY SECRETARY-
GENERAL AND HIS STAFF REENFORCED UNDERSTANDING THAT
ANNEX TO REFD0C A SERVED TO DESCRIBE BROAD LINES OF THE
STUDY BUT WAS NOT INTENDED IN DETAIL TO CIRCUMSCRIBE
THE FLEXIBILITY OF THE GROUP TO DEVELOP ITS OWN WORK
PROGRAM AND TO CONCENTRATE ON THE AREAS IT FELT WERE MOST
RELEVANT AND FRUITFUL. U.S. NOTED DESIRABILITY OF SOME
KIND OF PROGRESS REPORT BY MINISTERIAL MEETING IN SPRING
OF 1976 AND THIS RECEIVED SUPPORT FROM SWITZERLAND AND
NEW ZEALAND (OTHER U.S. COMMENTS IN REFTEL B HAVE BEEN
PASSED ON TO THE SCRETARIAT). SWEDISH DELEGATE FELT
THAT GOAL OF FULL EMPLOYMENT SHOULD ALSO BE STRESSED
AMONG OBJECTIVES OF STUDY, WHILE DANISH PERMREP THOUGHT
PRESENT CONCEPT OF GNP AS MEASURE OF ECONOMIC GROWTH
SHOULD BE EXAMINED. SECRETARIAT INDICATED IT WOULD
TAKE THESE COMMENTS AND OTHERS INTO ACCOUNT, BUT DID
NOT PROMISE ANY REDRAFT OF DOCUMENT.

5. SECGEN NOTED HIS PLAN WOULD BE TO PICK CHAIRMAN
AND THEN CONSULT WITH CHAIRMAN ON SELECTING OTHER

MEMBERS OF GROUP AND ON DEFINITIVE TERMS OF REFERENCE
FOR THE STUDY. IN ANSWER TO QUESTION BY AUSTRIA,
VAN LENNEP MENTIONED HE HAD BEEN IN TOUCH WITH MCCRACKEN
AND THAT HE HOPED MCCRACKEN COULD BE PERSUADED TO
ACCEPT CHAIRMANSHIP OF GROUP. HE STATED THAT
ACCEPTANCE BY MCCRACKEN WOULD BE MOST FORTUNATE FOR
FRUITFUL STUDY. SAID HE WOULD WELCOME SUGGESTIONS FROM
COUNTRIES THAT HAD QUALIFIED NAMES TO OFFER FOR
CONSIDERATION AS MEMBERS. SECGEN FELT THAT TARGET OF
COMPLETED STUDY BY AROUND END OF 1976 WOULD NOT PLACE
EXCESSIVE PRESSURE ON GROUP. HIS GOAL IS TO HAVE
GROUP ORGANIZED AND HAVE ITS FIRST MEETING BY OCTOBER,
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AT LATEST, AND HE CONTEMPLATES THAT GROUP MIGHT MEET
PERHAPS 6 TIMES DURING ITS LIFESPAN. ON BUDGETARY
QUESTION, VAN LENNEP SAID COULD ASK
STAFF TO CALCULATE HOW MUCH NEEDED FOR
ITEMS SUCH AS TRAVEL AND FEES. SUCH COSTS SHOULD BE
BORNE BY OECD (AND NOT NATIONAL GOVERNMENTS AS
E.G. DUTCH HAD SUGGESTED) TO UNDERLINE FACT EXPERTS
WOULD NOT BE NATIONAL REPRESENTATIVES. THERE IS
NO INTENTION TO CUT DOWN ON THE WORK OF THE ECONOMICS
AND STATISTICS DEPARTMENT. AT SAME TIME, VAN LENNEP
INDICATED INPUT TO EXPERTS GROUP WILL BE CRUCIAL
ADDITION TO SECRETARIAT'S PROGRAMS ALREADY UNDER WAY.

6. COMMENT: MISSION BELIEVES FIRST ROUND DISCUSSION
IN HEADS OF DELEGATION WAS USEFUL IN CLARIFYING
QUESTIONS AND ENABLING DELEGATES TO BRIEF THEIR
CAPITALS. MENTION OF MCCRACKEN'S NAME BY VAN LENNEP
WAS HELPFUL IN GIVING CONFIDENCE THAT STUDY WOULD BE
OF PRAGMATIC POLICY-ORIENTED KIND COUNTRIES FAVOR.
FRANCE AND AUSTRALIA SEEM TO BE THE TWO COUNTRIES LEAST
LIKELY TO BE IN POSITION APPROVE DRAFT ENTRY AT COUNCIL
MEETING SCHEDULED FOR JULY 15. HOWEVER, SECGEN AND
OTHERS IN SECRETARIAT ARE CONFIDENT APPROVAL WILL BE
POSSIBLE NEXT WEEK.
TURNER

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